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**ORGANIZED CRIME AND REGIONAL COOPERATION  
IN SOUTH-EAST EUROPE**

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# ORGANIZED CRIME AND REGIONAL COOPERATION IN SOUTH-EAST EUROPE

*di Alessandro Politi*

## 1. Introduction

The paper will analyse what it considers the two major threats among the transnational security challenges, transnational organised crime and drug trafficking, in South East Europe (SEE). Both have to be considered together since the drug production and smuggling chain requires criminal organisations. While organised crime can exist without drug trafficking, the reverse is not true, but drugs can be considered a force and a crime multiplier not only for criminal groups, but also for guerrilla and terrorist groups.

The paper will conclude with a short review of the existing co-operation and some suggestions on how to improve the existing ones.

Transnational organised crime, and especially its association to drug trafficking, is an outright threat for the governments and societies in SEE for the following reasons:

- The lives killed or maimed during criminal confrontations are for some countries additional casualties, beyond those suffered during successive wars. In all countries one can consider that drug addicts may be still relatively small number, but experience shows that transit countries become in most cases also consumer countries, with all the attendant consequences.
- The economic resources generated by organised crime and drug trafficking are directly and deliberately used for destabilising the society, the political system, the administration and the economy of the country. Even if in a number of countries the political regimes are far from convincingly democratic, the undermining effects of parallel power structures should not be underestimated. The case of the Soviet Union shows that organised criminal structures were never fully integrated in the system and that, even then, they produced marked inefficiencies, injustices and illegal power struggles even within the laws and the logic of the regime.<sup>1</sup> These circumstances could have dangerous effects in the transitions that some regimes in the SEE face at the end of this century.
- The transnational networks, created and sustained by this combination, attack the territorial integrity both at the borders and within a given country. Whenever organised crime controls an area, transnational organised crime has free access and law enforcement finds a no-go area or is anyhow ineffective. These areas, called also grey zones, are practically out of state sovereignty. Grey zones are unfortunately present in many SEE countries.
- Several countries in SEE risk becoming less than reliable potential partners of NATO and EU because organised crime and drug trafficking undermine them, even if they could sometimes consider themselves only drug transit countries. In this context, the stability of Russia and Ukraine, may be put significantly into question with evident

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<sup>1</sup> See Alessandro Politi, Russian organised crime and European security, in European Commission, Reinhardt Rummel and Sabine Weyand (eds.), *Illicit trade and organised crime - New threats to economic security?*, European Union External Relations (DG-1) - SWP, Luxembourg, 1998, pp. 39-46.

repercussions at political and economic level, in the whole of SEE and, last but not least, in the G8 forum, where important political co-ordination takes place concerning the future of SEE and against these risks.<sup>2</sup>

## 2. The strategic picture

It may be easily overlooked that SEE is, in various degrees, affected by the dealings of several major transnational organised criminal constellations, concentrated in three countries:

- Russian organised criminal groups;<sup>3</sup>
- Italian groups (Camorra, Cosa Nostra, 'Ndrangheta, and Nuova Sacra Corona Unita-SCU);<sup>4</sup>
- Turkish and Kurdish maffya clans.<sup>5</sup>

These groups find correspondents and allies in relatively smaller, but not less dangerous and virulent organised criminal groups who are particularly active in Albania, Bulgaria, Romania and in all the countries of former Yugoslavia. In this context one should consider Malta, Monaco and Cyprus as centres providing offshore banking facilities and fiscal incentives, a natural magnet for money laundering schemes. This listing of countries is just an indicator and one should not concentrate hastily on them, because one would miss the formidable interconnections between SEE and the whole of the Mediterranean Region, Europe and the world.

The geography of criminal groups is bound to modify inevitably current geopolitical maps, because in some cases transnational organised crime is capable to modify the nature of the government. According to the Observatoire Geopolitique des Drogues (OGD), Russia, the FSU republics (Georgia, Moldova, Ukraine, as the nearest to SEE) and Turkey are the countries where the dangers of connivance between state organs and criminal

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<sup>2</sup> See also VV AA, *Transnational Crime: A New Security Threat?* In IISS, *Strategic Survey 1994/95*, Oxford Press, London 1995, pp. 25-33.

<sup>3</sup>The Russian groups should be some 12.000, 300 among which have an international dimension (including Georgian ones). See F. Rizzi, L'oro, ultima frontiera del crimine, *Il Messaggero*, 24/9/1998. According to other sources in Russia are active more than 6.000 criminal groups and more than 150 criminal societies, while in Ukraine are present some 400 criminal groups. See Paul B. Stares (ed.), *The new security agenda, A global Survey*, JCIE, Tokyo-New York, 1998, Sergei Medvedev, Former Soviet Union, p. 89. See also the subchapter Western Europe (Politi) for the connections with Western Europe. Russian Interior Ministry sources speak about "230 criminal groupings with international contacts; 163 that committed serious crimes in Russia and in CIS as well as the Baltic countries and 67 in states outside the CIS." The analytical services of the Ministry esteem that there exist in Russia 11 major criminal organizations that regroup some 243 organized groups with over 5,000 members; see Interfax 27/9/1999. In June 1999, the power of Ukrainian criminal syndicates is emerging. Interior Minister Ladislav Pittner informed that the so-called Ukrainian syndicate should have over 20,000 members all around the world and that it is active in: banking and insurance, some large engineering works, in a part of the network of foreign hotels and casinos, as well as in some foreign sports clubs; Slovakia 1 Radio, 7/6/1999.

<sup>4</sup>According to recent estimates, the Camorra is made up by 132 'families', Cosa Nostra by some 130-186 *cosche*, the 'Ndrangheta by 150 *'ndrine*, the Nuova SCU by 51 families, see Rizzi, *op. cit.*.

<sup>5</sup>The Turkish-Kurdish clans should be 12-10. Rizzi, *op. cit.*.

groups are biggest.<sup>6</sup> Prudent policy making should not overlook that the potential exists also in countries affected by the Yugoslav wars of dissolution.

### 2.1 Russia and adjoining areas

The following circumstances have important repercussions on the stability of SEE: the existence of criminal regimes in Crimea and Transdnestria; the rise of criminal terrorism in Russia and Ukraine; drug production and trafficking in Black Sea ports, Ukraine, Moscow; major smuggling operations in Ukraine; massive bank frauds and money laundering in the major Russian cities; substantial economic penetration in the CEEC countries and sizeable investments in the legal economy of West European countries. According to UNDCP's director general, Pino Arlacchi, and to the IMF, organised criminal business generates between 3% and 5% approximately of the Russian GNP.<sup>7</sup> Main illegal businesses of Russian criminal groups are: racketeering, smuggling of Western wares and East European antiquities, drug trafficking (often financed by the counterfeiting of music and software CDs), arms smuggling, money laundering, prostitution and gambling.<sup>8</sup> The Russian organised criminal groups have targeted in Southern Europe countries adjacent to SEE like Italy and Austria.

The recent scandal if the massive alleged money laundering operations in Russia does only reinforce concerns that date back since 1991. Whatever the final results of the investigations will be, it appears on the record that:<sup>9</sup>

- investigations by the FBI have produced documents connected to a company (Benex), that is, according to the investigators, allegedly connected with Mr. Semyon Yukovich Mogilevitch, considered a major Russian organised criminal, owning another US company YBM, allegedly used to launder money via the Bank of New York;<sup>10</sup>

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<sup>6</sup>See *Mafias y Estados son cómplices, según el Observatorio de la Droga, El Pais* (on AFP source), 16/10/1998. Serious organised criminal infiltrations should also considered in the mentioned offshore centres. See IASOC, Criminal Organizations, *Organised crime: the international report, Cyprus*, (on Reuters source), [www.acsp.uic.edu/iasoc/crim\\_org/vol10\\_4/art\\_0g.htm](http://www.acsp.uic.edu/iasoc/crim_org/vol10_4/art_0g.htm) (23/9/1998); Peter Scherer, *Russen- Mafia unterstützt Moskauer Spione, Die Welt*, 29/5/1999, [www.diewelt.de/990529/0529de32358.htm](http://www.diewelt.de/990529/0529de32358.htm) (same date). The last article, citing sources of the German BfV (Budesamt für Verfassungschutz - Federal bureau for the Protection of the Constitution), underlines that both civil and military Russian intelligence services avail themselves of organised crime rings for financial aid and covert arms deliveries to warring countries in exchange of protection against police forces, forged documents, protection of smuggling routes.

<sup>7</sup>See Paul B. Stares, op. cit., Sergei Medvedev, Former Soviet Union, table 1., pp. 84-85; Phil Reeves, *Russian spies running protection rackets, The Independent*, 18/11/1998; *Meurtre à Saint-Petersbourg, Le Monde*, 24/11/1998; Massimo Calabresi, *The East mafia, Time*, 30/11/1998; Alain Lallemand, *Mafia russe : l'Europe du crime, Le Point*, 19-26/12/1998; Nicolas Bannister, *Terror threat to business, The Guardian*, 29/12/1998; Eva Maria Kallinger, *Nicht die übelsten Banden mästen, Focus*, 28/9/99.

<sup>8</sup>See James Meikle, *Buying pirate CDs finances drug traffic, The Guardian*, 11/6/1999, [www.newsunlimited.co.uk/uk\\_news/story/0,3606,57325,00.htm](http://www.newsunlimited.co.uk/uk_news/story/0,3606,57325,00.htm) (same date). SEE and adjoining CEEC countries where CD counterfeiting is widely practised are Bulgaria and Ukraine.

<sup>9</sup>See Raymond Bonner with Timothy L. O'Brien, *Activity at bank raises suspicion of Russian Mob tie, New York Times* (further NYT), 19/8/99; *Washing the cash, Financial Times* (thereafter FT), 23/8/99; James Bone and David Lister, *Mole wrecked Yeltsin inquiry, The Times*, 23/9/99;

<sup>10</sup> See *Swiss Turn an Unblinded Eye on Russian Funds in Their Banks, NYT*, 19/9/1999. Swiss authorities started investigating on their money laundering problems since 1996, when they established links between the arrested Russian Sergei Mikhailov, who is reputed to be the boss of the largest and most powerful criminal gang in Russia, and Semyon Y. Mogilevich, a reputed boss also of the Budapest

- the amount of money involved is evaluated between \$4,2bn and \$10bn (in the worst case 1/30th of the estimated whole amount of money yearly laundered world-wide);
- testimony to the Congress yielded that since 1993 the CIA was monitoring an elaborate Russian money laundering scheme engineered by a KGB-successor agency through a business bank (Menatep), that carried out transactions with the Bank of New York. This laundering scheme had apparently strong connections with the Russian Presidency;
- the Bank of New York, via the accounts of the companies Benex, Torfinex and BECS Intl., according to Italian judicial authorities, has allegedly served as money laundering conduit for alleged organised criminals like the Ukrainian Mr. Boris Rizner, Ukrainian (US naturalised) Mr. Yossif Roizis and the Russian Mr. Vladimir Zabolotsky (both wanted under international arrest warrants). Roizis is connected through Mr. Monya Elson to Mr. Mogilevich, his business partner;
- a number of powerful, but potentially bankrupt banks, was powerful enough to extract the \$1bn in cheap loans from the Primakov government, that were previously denied by the Kiriyenko one and that cost him the post.

## 2.2 Italy

Italy has long been a country synonymous with organised crime. Cosa Nostra has been severely hit, indeed, by the skilful use of “repentants” (or supergrass), combined with aggressive investigation techniques, but, if the importance of the Corleonesi ‘cosca’ has been reduced, other families have reduced their profile in order to continue their business. Especially for what concerns racketeering, the hold of Cosa Nostra appears to be undiminished and money laundering provides further relevant profits.<sup>11</sup> Concerning the judicial and political aspects, the last two acquittals of Sen. Giulio Andreotti in two trials (Perugia and Palermo), have fuelled further controversies on the effectiveness of repentants and on the increased chances Italian mafias have to survive. From a political point of view it appears increasingly difficult to establish beyond controversy a link between past ruling coalitions and Cosa Nostra, which in turn might lead to an underestimation of the current phenomenon.

Much less penetrable continues to appear the Calabrian 'Ndrangheta, whose control on the region is particularly strong and whose influence in the shady world of professional kidnapping is remarkable. Only a string of arrests by mid-February in connection with the Sgarella kidnapping has opened a chink in the criminal power, which is extending its tentacles in Germany. On the other hand the 'Ndrangheta is being strongly concurred by the Albanian and Kosovar clans in a number of criminal businesses.<sup>12</sup> Finally the Nuova SCU (New SCU) has lost the bosses of the first generation, but has received further impulse by the connections across the Adriatic with Albanian and Kosovar organised criminal groups.

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underworld. The Ukrainian-born Mogilevich is now also suspected by the FBI of having moved illicit funds through the Bank of New York, although he denies the allegations.

<sup>11</sup> The case of the Graviano family of Cosa Nostra, whose accountant Giorgio Puma turned repentant, reveals that this family, beyond money laundering, invested on Italian blue-chip companies on the Milan stock market; Philip Willan, Informer puts mafia sister behind bars, *The Guardian*, 23/7/99.

<sup>12</sup> Mrs. Alessandra Sgarella was a Milanese entrepreneur whose captivity, ended last year, passed the 200 days. It is still unclear if the ransom of more than 2 million Euro (\$2,4 million) was paid or not. See AFP, Razzia gegen Mafiosi in Hessen und Bayern, *Süddeutsche Zeitung*, 27/5/1999.

The most visible event is the irruption of Albanian, Kosovar, former Yugoslav, Turkish and Russian organised criminal groups in the Italian criminal market. The stream of illegal immigrants and prostitutes (both would have been called before more correctly slaves) from Albania, CEEC, Kurdish areas, Turkey and their social effects have, also during this year, generated heated political controversy. In the last eight years the criminal geography of a big city like Milan changed from the coexistence of the old Apulian, Calabrian, Neapolitan and Sicilian organised criminal groups to the forced entry of six main gangs, five Kosovar and a Croat one.<sup>13</sup>

### 2.3 Turkey

The problem of the deep infiltration of local organised crime within the government and the economy of Turkey is not a new one (already in the 'Sixties the US government had to pressure energetically Ankara to destroy opium poppy cultivations), but it has acquired a newer international dimension with the fall of the government guided by the premier Mesut Yilmaz and with the Öcalan case.

The fall of that political coalition has highlighted the danger that organised crime poses to the stability of important allies. The warning signals go back to the November 1996 when a car accident in the village of Süsürlük revealed to the public that a maffya boss, working for the Turkish intelligence service, a Kurdish politician and high official of the police were travelling together on a car full of arms and drugs. A further investigation ordered by the then new premier, Mesut Yilmaz, concluded that organised criminal groups, trafficking in drugs and connected with certain sectors of the government, were responsible for some 2.000 killings.

Revelations that the sale of a major state-owned Turkish bank and of two dailies were tainted by organised crime infiltration and that both the premier and the minister for Economy were aware of the circumstance and that they nevertheless encouraged the deal, were the direct cause of the government's fall last November 1998.

This discomfoting state of affairs was confirmed a month later by the explosive declarations of a successful top anti-drug police official that detailed how the chief of the Istanbul police, his deputy and the chief of the Turkish police had been corrupted. Five months later the Telekulak (Phone-ear) wiretapping scandal revealed that one of the most wanted criminals, Mahmud Yildirim "Yesil", had regular phone contacts with the secretariats of the premier, the president of the republic, the secretary general of the National Security Council, the general command of the Jandarma, the military academy and the police intelligence service. In the follow up of the investigations it appeared also

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<sup>13</sup> See Dominique Dunglas, Italie, les negriers de l'Adriatique, *Le Point*, 14/12/1998; Alberto Berticelli & Marco Dal Flor, Ancora sangue a Milano, altri due morti, *Il Corriere -della Sera* (further Corsera), 10/1/1999; Rose-Marie Borngässer, Albaner haben die Mafia längst verdrängt, *Die Welt*, 11/1/1999; Richard Owen, Immigrants take blame for crime wave in Milan, *The Times*, 12/1/1999; Kerstin Becker, Gangster führen einen Seekrieg in der Adria, *Die Welt*, 12/1/1999; Paul Betts, Murder now the fashion in Italy's fashion capital, *FT*, 12/1/1999; Hans-Jürgen Schlamp, Operation Schwarzer Mann, *Der Spiegel*, 4/1999, 25/1/1999; Eva M. Kallinger, Konkurrenz für die Mafia, 4/1999, *Focus*, 25/1/1999; Peter Münch, Unglücke ohne Zeugen, *Süddeutsche Zeitung*, 15/1/1999.

that key figures of the Telekulak group of wiretappers were connected to Yesil, himself heavily involved in the Süsürlük scandal.<sup>14</sup>

In addition to the traditional arms smuggling and drug trafficking businesses, Turkish-Kurdish groups are very active in human trafficking. Ironically Albanian-Kosovar organised criminal groups have replaced the Turkish ones in the street distribution segment of the drug trafficking market, whereas the Turks have kept the wholesale distribution (representing 47,6% of 1.736 arrested people along the Balkan Route ).<sup>15</sup>

#### 2.4 *The strategic connections*

To recapitulate the strategic picture drawn until now in terms of major organised criminal constellations, SEE is characterised by three centres of gravity, located in Italy, Russia and Turkey.

All three centres of gravity have remarkable transnational reach: Cosa Nostra since 70 years at least, Turkish-Kurdish groups at least since 30. The Russian-Georgian groups are younger on the international scene, but displayed *Blitzkrieg* quality in their diffusion, thanks to the active co-operation of other local organised criminal groups or gangs. The patterns of drug trafficking will show how complex is the web of opportunistic alliances and collaborations. In the meantime is useful to recall briefly some of the major international connections among major transnational organised criminal organisations.

The Colombian Cartels are using CEEC as transit countries towards Western Europe. All Italian major organised criminal groups have relationships with the Cartels.

The Chinese Triads, after having elected the Netherlands as their first bridgehead, have expanded towards Italy, but are also specialised in human trafficking of Chinese nationals via Slovenia, Bulgaria and Rumania.<sup>16</sup>

Looking from the side of Italian criminal organisations, we can find that groups from former Yugoslavia are in contact with Cosa Nostra, Camorra and 'Ndrangheta, the latter finding support from allies in Czech Republic, Rumania, Slovakia and Turkey.<sup>17</sup>

The end of the Cold War worked differently on these three centres of gravity. In Russia and Georgia it gave more or less free rein. In Italy it helped to break old connivances and to weaken significantly older dominant groups and families. In Turkey apparently it did

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<sup>14</sup> Nicole Pope, La multiplication des scandales politico-mafieux menace le premier ministre turc, *Le Monde*, 12/11/1998; Marc Semo, Le pouvoir turc gangrené par la mafia, *Libération*, 19/11/1998; BC, Ministerpräsident Yilmaz durch Mißtrauensvotum gestürzt, *FAZ*, 26/11/1998; Wolfgang Koydl, Der Mann der Zuviel wußte, *Süddeutsche Zeitung*, 17/12/1998; Alexandrine Bouilhet, L'étrange mal du pays d'un caïd turc, *Le Figaro*, 13/9/1999. On the Telekulak affair see the three articles on 8-9-11/6/1999, published by the *Süddeutsche Zeitung* under the bylines of Wolfgang Kodyl and KY; TDN, 18/5/1999.

<sup>15</sup> See Alexandra de Montbrial, L'empire des mafias, *Le Nouvel Observateur*, 11/11/1998; Jason Bennetto, Gangs smuggle 4.000 migrants in a month to UK, *The Independent*, 29/12/1998; MWE, Die Meisten Opfer kommen aus Polen, *FAZ*, 8/1/1999; Peter Scherer, Türken kontrollieren Drogenrollbahn durch Europa, *Die Welt*, 1/3/1999, [www.welt.de/daten/1999/03/01/0301vm61980.htm](http://www.welt.de/daten/1999/03/01/0301vm61980.htm) (26/9/99).

<sup>16</sup> One of their specialisations is human trafficking of Chinese nationals towards Germany as main entry point via Moscow, Czech Republic, Slovakia, Hungary, Poland, Slovenia, Bulgaria and Rumania.

<sup>17</sup> See Camera dei Deputati, *Rapporto sulla criminalità organizzata (anno 1996)*, presentato dal Ministro dell'Interno (Napolitano), Atti Parlamentari XIII Legislatura, doc. XXXVIII-bis, n. 2, Stab. Tipografici Carlo Colombo, Roma, 1/9/1997, pp. 375-440.

not modify pre-existent situations, although the increase in publicity and in pressure from allied countries might help in time to change things.

While these three centres concentrate a significant amount of criminal power, one should avoid to paint a black-and-white picture jumping to the conclusion that the Eastern and Central Mediterranean basins are Mafia-ridden, while the rest is relatively clean. Whenever there is drug trafficking and money laundering one can be assured that organised crime is at work and that its social and political nefarious effects are present, even if not mediatised.

### **3. A closer look at SEE**

A more careful consideration of other relatively minor situations can be instructive. A first indicator are states that failed at different degrees within the past decade like former Yugoslavia and Albania,. These countries have experienced or continue to experience government that can be corrupted and whose law enforcement is questionable at least.

The whole war in former Yugoslavia cannot be understood if one does not consider the level of deep corruption of most regimes in place, no matter if some of them are supported by Western countries. In many cases their most bloody militias had been recruited directly from the underworld of organised crime, often disguised as football clubs or hooligan groups, as the career of Zeljko Raznjatovic “Arkan” shows. The financial muscle of these militias and of main war operations is often moved to bank accounts in Russia, Switzerland, Cyprus and, more recently, Lebanon, according to CIA and US Treasury officials.<sup>18</sup>

Moreover, the general rehearsal of the projected Euro mass forgery was represented by the widespread forgeries of the Deutschmark, the reference currency in the area, in order to finance the costs of the wars of Yugoslavia’s dissolution

The Neretva Valley was and remains a place where cannabis is grown and the whole region is known since a decade to law enforcement agencies as the Balkan Corridor or Route (by 1995 80% of all heroin seized in West Europe had passed through that corridor). Due to the war in former Yugoslavia, the tracing of this corridor has changed, but not its importance. Recent news show that traffickers avoided Albania and Kosovo, in order to pass through Hungary (80% of the heroin traffic is owned by Kosovars, according to Hungarian police sources). Since 1988 Interpol warned about the importance of this route, stretching from South West Asia has been through Turkey (via Istanbul and Ankara) through Bulgaria and Yugoslavia to Italy and Austria. The tracing modified by the wars in Bosnia was: Turkey, Greece, FYROM, Albania (ports of Dürres, Vlëres, Särände).

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<sup>18</sup> See, Marlise Simons, Indicted Serb looks to Belgium for refuge, *International Herald Tribune* (further IHT), 14/7/1999 (in addition to war crimes charges, Arkan is also wanted for bank robbery and other crimes in several other countries); James Risen, Covert plan said to take aim at Milosevic’s hold on power, *IHT*, 18/6/1999.



According to German BKA (Bundeskriminalamt, Federal Criminal Office) statements the impounding of 8.112 kilos of heroin (+17,3% compared to 1997, street value of Euro12,5 million) on the Balkan Route represented a record in 1998. The focal point for wholesale heroin consignments has become Istanbul, where the transport is coordinated to a chain of intermediate depots. From the Turkish city two routes are available: the land (via Bulgaria and Rumania) and the sea one (principally through the Black Sea ports of Istanbul, Samsun Trabzon and Constanta). Main intermediate stations before final destination are the Czech Republic and Slovakia. The more classic route via former Yugoslavia and Austria is still used. The end of the conflict and the hazy situation in Kosovo may have intensified the trafficking on the older routes.<sup>19</sup>

It should be absolutely clear that the presence of the SFOR has mostly blocked open war and has forced some militias to take a relatively lower profile, but its presence has been for many years negligible in severing the criminal liaisons between political elites, armed militias and organised crime. Only recently SFOR units raided four office buildings, seizing explosives, cash, computers and credit card-making equipment in the the Croat-controlled part of Mostar, showing a first strong reversal of the “mission creep” taboo.

One may even fear that a substantial part of the reconstruction is controlled and masterminded by local mafias, protected at political. Recent reports of the Antifraud Unit of the Office of the High Representative in Bosnia signal that \$1 billion might have been stolen by Muslim, Croat and Serbian nationalist leaders, on a total of international funds amounting to \$5,1 billion since 1995. Two of the most sensitive cases involve the BiH Bank in Sarajevo, who went bankrupt after lending tens of millions of dollars to fictitious businesses or to well connected individuals, and the non application of tax laws on oil and gas imported from Croatia. Some UN and EU initiatives have started to tackle very prudently the problem, but they are severely hampered by the diplomatic constraints placed upon them and by a general lack of co-operation among different entities.<sup>20</sup>

Albania since 1997, when the Italians, leading a European coalition of ‘able and willing’, intervened to help the local government restoring law and order with the operation Alba, is the classic example of how transnational organised crime is a real security threat.

Firstly, through the bankruptcy of the “financial pyramids” it has generated the fear for the nightmare of a criminal republic just across the Adriatic Sea and of aid packages

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<sup>19</sup> See Alison Jamieson, *Background and characteristics of the world illicit drug traffic*, Alison Jamieson (ed.), *Terrorism and Drug Trafficking in the 1990s* (Aldershot: Dartmouth Publishing Co., 1994), pp. 69-109; Vladimiro Odinzov, Droga e prostituzione nel dopoguerra bosniaco, in *La Repubblica*, 29/1/1996, p. 10; Alessandro Politi, *European security: the new transnational risks*, Chaillot Paper nr. 29, WEU-ISS, October 1997, Paris p. 22 (also Internet available); Nicololas Mikletic, *Trafics et crimes dans les Balkans*, PUF, Paris, 1998; Camera dei Deputati, *op. cit.*, p. 436; La drogue détournée vers la Hongrie, *Liberation*, 25/5/1999, [www.liberation.fr/quotidien/semaine/990525marg.html](http://www.liberation.fr/quotidien/semaine/990525marg.html); Peter Scherer, *op. cit.*.

<sup>20</sup> The UN International Police Task Force (IPTF) has the task to assist local police forces in fighting against crime, but it has no enforcing powers, with obvious consequences. The EU sponsored Customs and Fiscal Assistance Office (CAFAO) has succeeded in starting a co-operation between the Republika Srpska and the Croat-Moslem Federation in order to stop smuggling orchestrated by organised crime, exploiting the loopholes between the two Bosnian entities. It remains to be seen how long it will resist to political pressures. See Kevin Done, Former Bosnian foes unite to crack down on customs fraud, *FT*, 15/10/1998; NATO Raids Bosnia Gangs, *NYT*, 16/10/1999 (the raids were carried out on 14/10); Chris Hedges, Leaders in Bosnia are said to steal up to \$1 bn, *NYT*, 17/8/1999.

diverted by criminal rings. Secondly, it has continued to exploit the despair of clandestine emigrants, using many of them in female and juvenile prostitution rings.

Thirdly it has created and maintained in the North and in the South of the country grey zones which were respectively responsible for nourishing the past war in Kosovo and for keeping up a stream of drugs, slaves, war weapons (50% of all Italian confiscations are in Apulia, the region facing Albania) and cigarettes across the Adriatic. The cigarettes are further sent to Milan and then to Spain, Portugal, Germany and UK (a particularly prized illegal market since tobacco taxes are high). Beyond heroin, coming through the Balkan Route, cocaine arrives from Latin America through the airport of Tirana. Yet the drugs, once imported, are starting to be produced locally in villages near Vlōre. Mostly it is cannabis, whose quality and lower prices are beginning to replace Lebanese hashish, but, under the supervision of members of Cosa Nostra and of the Colombian Cartels, experimental coca cultivations have been started on the local, rugged mountains. Moreover, there are several indications that the local groups have started operating morphine refineries.<sup>21</sup>

The same country, together with Montenegro (through the port of Bar), is the starting point for money laundering operations carried out by the NSCU with ramifications towards Russia and Rumania, supported by traditional and well established smuggling activities. Other ramifications involve the Camorra and the 'Ndrangheta. Local officials say that smuggling totals no more than \$40 million/year approximately, but it remains a fact that is an important source of income and helps cover the budget deficit.<sup>22</sup>

The recently terminated air campaign in Kosovo (June 1999) provided further impetus mainly to human trafficking, often associated with drug and arms trafficking, the latter belonging to the logistics loop of the UKC (Kosovo Liberation Army). The Albanian mafia has expanded to France in order to try to infiltrate some 250-500 Kosovars a week in UK, while prices for the passage to Italy vary from \$500 to \$1200 each person for an average of 2.750 arrivals/month. Germany, France and UK have all witnessed the quick rise of Albanian and Kosovar criminal groups. Despite strong denials by the UCK, sources from US, UK and Italian intelligence services, NATO, Europol, BKA, French, Swiss, Swedish and Czech police converge on the evaluation that drug money has financed its activities. Actually the criminal gangs in Kosovo are of three types: Russian, Albania and UCK-linked.<sup>23</sup>

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<sup>21</sup> See Christophe Cornevin, Réfugiées et prostituées, *Le Figaro*, 2/3/1999; En Albanie, la mafia fait main basse sur l'aide étrangère, *Liberation*, 19/4/1999, idem/990419lunc.html (same date); Gerold Büchner, Albanische Mafiosi - "gefährlicher als der Krieg", *Süddeutsche Zeitung*, 29/4/1999; Christophe Châtelot, Les "scafistes" d'Albanie contrôlent le "trafic de marchandise humaine", *Le Monde*, 12/6/1999; Dominique Dunglas, Albanie Vlore, le port de tous les trafics, *Le Point*, 19/7/1999; Rose-Marie Borngässer, Schmuggelkrieg in der Adria, *Die Welt*, 7/9/1999 (most high-ranking organisers of cigarette smuggling operate now from Poland, Switzerland and Cyprus).

<sup>22</sup> Au Monténégro, les trafiquants se préparent, *Liberation*, 27/4/1999, idem/990427marg.html (same date); Christiane Kohl, Verfolgungsjagd zu Wasser und Land, *Süddeutsche Zeitung*, 1/9/1999; Peter Scherer, Zigarettenmafia unterwandert bereits Teile der Wirtschaft, *Die Welt*, 10/9/1999. Other Adriatic starting ports are Zelenika and Kotor (Cattaro). Steven Erlanger, Montenegrins See Split With Serbia, *NYT*, 18/10/1999.

<sup>23</sup> See concerning slave trafficking Adam Sage, British lorries used to smuggle refugees, *The Sunday Times*, 2/4/1999, www.sunday-times.co.uk:80/news/pa...tim.99/04/02/tmfgnkos01007.html?2051816 (same date); Stefan Wagstyl, Immigrant smugglers cash in on turmoil, *FT*, 17/4/1999; Julia Ferguson, For

Drug production in or around SEE regards until now cannabis among the following geographic areas: Albania very recently and former Yugoslavia, as a minor producing area, while Russia is a major producing one.<sup>24</sup>

Drug trafficking, instead, reveals the following patterns:

- **Heroin**, Afghanistan<sup>25</sup> has replaced the Golden Triangle as major producer, 40% of global heroin seizures were made in Europe (Western and Eastern alike). The drug follows three possible routes: 1. Central Asia, Russia; 2. Central Asia, Caucasus, Turkey, Balkan Corridor; 3. Iran, Turkey (much less used due to harsh Iranian anti-drug policies). It must be underlined that, also concerning SEE, Russia helped significantly to make the global connection between two producing areas that were before much more separated: Golden Crescent and Golden Triangle.<sup>26</sup>

- **Cocaine**, largely produced by Colombia (Bolivia and Peru have a lesser role), Europe (Eastern and Western) is a market with an upwards trend (actually 10% of all world seizures happen here). While major trafficking routes pass obviously across the Atlantic Ocean, another possible route, according to Interpol, would be directly to Russia in order to reach European markets.

Summarising, we can say that the organised criminal and drug trafficking geography of SEE is marked by:

- ✓ three centres of gravity, concerning major transnational organised criminal organisations, namely Italy, Russia and Turkey;
- ✓ 10 regional gravitating support areas, like Albania, Croatia, Bulgaria, FRY, FYROM, Greece, Rumania, Slovenia, Transdnestria, Ukraine;
- ✓ two states risking to become failed (FRY and Russia), six having experienced at various degrees such a failure (Albania, Bosnia-Herzegovina, Croatia, FYROM, Montenegro, Slovenia);
- ✓ two islands which have relevant grey zones and different degrees of organised crime control/connection (Cyprus and Sicily);
- ✓ two major (Morocco and Russia) and three minor drug producers (Albania, Lebanon and former Yugoslavia);
- ✓ two major drug trafficking routes Balkan Corridor and Russia;
- ✓ two major drug trafficking entry points, such as Russia and Turkey;
- ✓ one major people-smuggling sea-route (Montenegro/Albania-Italy) and four land-routes (Sarajevo-Croatia-Slovenia-Italy or Austria; Istanbul-Ukraine-Poland-Germany;

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smugglers, refugees are preferred clients, *Italy Daily*, 27/4/1999; Richard Heuzé, Les nouveaux damnés de la mer, *Le Figaro*, 17/5/1999; Carol J. Williams, Desperate Kosovo refugees are preyed on by smugglers - and worse, *IHT*, 25/5/1999; Patrick Saint-Paul, Le traficks se multiplient, *Le Figaro*, 26/5/1999, p. 1; Isabelle Lasserre, Le sale travail des "rabatteurs", *Le Figaro*, 26/5/1999, p. 1. On Kossovar and Albanian criminal organisations, Ian Hamel, UCK: l'argent de la drogue, *Le Point*, 19/7/1999; Ariane Barth et. 4 al., Sprache der Morde, *Der Spiegel*, 2/8/1999; N.N, In the bars of Kosovo the KLA is holding the great weapons bazaar, *The Independent*, 16/8/1999; Nick Hopkins, Alabanian mafia targets Britain, *The Guardian*, 7/9/1999; Tom Walker, KLA's mafia links alarm West, *The Times*, 26/7/1999; Laura Rozen, Organised crime gangs rule in Kosovo, *The Independent*, 2/8/1999.

<sup>24</sup> See UNDCP, Information Sheet nr. 2, [www.undcp.org/undcp/gass/info2.htm](http://www.undcp.org/undcp/gass/info2.htm) (23/9/1998).

<sup>25</sup> With the contribution of Pakistan and, on a minor level, of the neighbouring Central Asiatic countries, i.e. Turkmenistan, Uzbekistan, Kazakhstan, Kyrgyzstan, Tadjikistan.

<sup>26</sup> Respectively Afghanistan, Iran, Pakistan, and Burma, Laos and Thailand.

Istanbul-Romania-Hungary-Slovakia-Czech Rep.; Istanbul-Greece-FYROM-Italy/Austria);<sup>27</sup>

- ✓ one major regional financial offshore centre, namely Cyprus;
- ✓ dominant drugs are cannabis, heroin and ATS, with cocaine on the increase.

#### 4. Co-operation

Contrary to the appearances, there is a remarkable net of co-operation between Western and SEE countries. One might mention the following examples:

- ✓ BKA liaison officers in Turkey and ten other CEEC countries, plus training to local polices;
- ✓ US and European Customs administrations negotiating the supply to Bulgarian Customs of patrol boats and helicopters
- ✓ the European Commission impending programme (Euro 4.5 million) to assist the countries of Central and Eastern Europe in tackling drug trafficking, money laundering, car theft and other crimes. The Commission will join forces with the Association of European Police Colleges (AEPC) in Budapest;
- ✓ the back channels between Western and local intelligence agencies in order to fight organised crime, pioneered by the CIA-KGB liaisons;
- ✓ the co-operation between Colombian, Italian, Austrian, Dutch, Greek, Macedonian and Slovak polices;
- ✓ the UN arms buy back initiative in Albania;
- ✓ the UN International Police Task Force (IPTF) and the SFOR Italian-led MSU (Multinational Specialised Unit) that, differently from IPTF has criminal intelligence capabilities and enforcing powers, both active in Bosnia;
- ✓ the EU sponsored Customs and Fiscal Assistance Office (CAFAO), equally active in Bosnia;
- ✓ the Italian police assistance missions in Albania and liaison missions in Montenegro, which have achieved some notable success;
- ✓ the UK initiative to set up at UN disposal or to the benefit of requesting foreign governments, a standby police 'flying squad', and the training activity in favour of polices of Slovenia, Bulgaria, Romania, Russia, Ukraine, Slovakia, Hungary and Czech Republic;
- ✓ the French initiative of the SCTIP (Service de Cooperation Technique Internationale de Police) to increase awareness on cybercrime among Central and SE European police agencies .<sup>28</sup>

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<sup>27</sup> See Europe's smuggled masses, *The Economist*, 22/2/1999.

<sup>28</sup> Peter Scherer, *op. cit.*; 20 Years of Back Channels Between Intelligence Agencies, *Washington Post*, 21/9/1999; Gerhard Hofer, Drogenfahnder fingen 1,4 tonnen Kokain auf dem Weg nach Wien ab, *Die Presse*, 4/9/1999; EU to help Eastern neighbours crack down on crime, *European Commission News Release IP/99/719*, 4/10/1999; Bulgarian Customs To Use Helicopter, New Patrol Boats On Danube Border, *BTA news agency*, Sofia, in English 10.20 gmt 11/10/1999; Gerhard Henze, Practical disarmament measures, in VVAA, *Stopping the spread of small arms: international initiatives*, BASIC, London, 25/9/1998, p. 52; Stewart Tandler, Flying squad to support foreign police, *The Times*, 16/8/1999; Christophe Doré, L'internationale policière contre la cybercriminalité, *Le Figaro*, 28/9/1999

Nevertheless it appears that there is still a lot to be done. The European Union and its third pillar are the main actors in this respect. The EU summit in Tampere (15-16/10/1999) has highlighted again the importance for an increased co-ordination and joint action of the different European police organisations in order to defend the security of EU citizens. The Italian government presented forcefully the case that the smuggling across the Adriatic should be a matter for a specific EU-wide effort, since the Adriatic Sea is a common border.<sup>29</sup>

But while the dynamics of JHA (Justice and Home Affairs), together with increased political attention to the dangerous interactions between EU and SEE organised criminal groups, will further draw together policemen and judges across Europe, the problem of assisting local governments remains fairly difficult.

One should keep in mind that only progress in political transparency and accountability in each country can provide the best basis for international assistance and co-operation. Despite the strong political commitment to open EU's membership to several CEEC and the slowly emerging to do the same with some SEE countries, the unfortunate precedents of Turkey and Russia could provoke some serious repercussion and delay in the enlarging process, if some serious progress cannot be presented by local governments to foreign government, investors and publics.

In the meantime some reasonable proposal could be:

1. use Europol as a clearing house to co-ordinate bilateral and multilateral police assistance to SEE countries;
2. enforce effectively at JHA level the guidelines that regulate the exchange of sensitive information between Schengen polices and SEE partners;<sup>30</sup>
3. strengthen the informal intelligence co-operation framework in order to produce joint evaluation on the threats of organised crime and drug trafficking, in addition to what is already done for the risk of international terrorism;
4. set up standing agreements at CFSP and JHA level in order to better protect from criminal infiltrations refugee and humanitarian camps, possibly applying the rules existing for diplomatic embassies;
5. encourage in the EU/WEU/WEAG/EDIG fora the development of non-lethal weapons, including those for naval use.

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<sup>29</sup> Crisis caused by Adriatic smugglers, immigrants to hit EU agenda, AFP, 14/10/1999.

<sup>30</sup> One should possibly avoid the kind of political pressures that lead the BKA to share informations with the Russian FSB, despite serious and founded misgivings about the risk of connections between sectors of the Russian agency and local organised crime, and that allow US agencies not to respect the European data and privacy protection laws, see Andrej Batrak et 2 al., *Daten für die Mafia?*, Der Spiegel, 12/7/1999.

## Appendix A. The problem of definitions

Academics, jurists and police forces continue to disagree on the definition of transnational organised crime<sup>31</sup>. There are, however, four elements defining organised crime on which a large majority of authors agree: the existence of an organised and stable hierarchy; the acquisition of profits through crime; the use of force and intimidation; and recourse to corruption in order to maintain impunity.

This paper will use the definition adopted in 1993 by the European Union's Ad Hoc Group on Organised Crime, then presented to the EU Council: 'Organised crime is present whenever two or more persons are involved in a common criminal project, for a prolonged or unspecified period of time, in order to obtain power and profits and where to the single associate are assigned tasks to carry out within the organisation: (1) through business or connected business activities; (2) using violence or intimidation; (3) influencing politics, media, economy, government or the judiciary, through the control of a determined territory, if necessary, in order to commit the planned crimes that, from a collective or individual point of view, must be considered serious crimes'<sup>32</sup>.

Appended to this definition, which is not a common EU definition but represents an important progress, was a table of eleven characteristics for use during the preparation of EU reports on organised crime and in pinpointing more easily this phenomenon at international level. They are: (1) collaboration among more than two people; (2) among whom there is a distribution of tasks; (3) who operate for a long or unspecified time; (4) operate under a certain discipline and control; (5) are suspected of serious crimes; (6) operate at international level; (7) use violence and other means of intimidation; (8) use commercial or pseudo-commercial structures; (9) launder money; (10) exercise their influence on politics, media, public administration or in the economic field; (11) seek profit and power. If a criminal group displays at least six of these characteristics, among which necessarily (1), (5) and (11), it can be considered to be involved in organised crime.<sup>33</sup>

Concerning illegal drug trafficking, for the purposes of the paper it will be called simply drug trafficking. It will not dwell upon the debate on what should be illegal drugs or not or on what should be the best strategy to combat this flea. It will consider illegal those drugs considered as such by the majority of EU governments, knowing that some

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<sup>31</sup> For an overview of a sample the different definitions proposed see: W. Hagan, Organized crime continuum: a further specification of a new conceptual model, in *Criminal Justice Review*, 1983, p. 8, in which he lists 13 different conditions for organised crime, defined by 15 different authors, and finds 11 elements that could be included in the concept of organised crime; Didier Bigo, Pertinence et limites de la notion de crime organisé, in *Relations internationales et stratégiques*, 20, Hiver 1995, pp. 134-8; Peter Kopp, Analyse économique des organisations criminelles, op. cit., pp. 139-43; Marcelle Padovani, Le modèle Cosa Nostra, op. cit., pp. 113-15; Gianluca Fiorentini and Sam Peltzman (eds.), *The economics of organized crime* (Cambridge: Cambridge University Press, 1995), pp. 1-30; Pierre Tremblay et Maurice Cusson, Marchés criminels transnationaux et analyse stratégique, in Marcel Leclerc (ed.), *La criminalité organisée*, La Documentation Française, 1996, Paris, pp. 19-42; Ernesto U. Savona, La régulation du marché criminel, op. cit., pp. 263-264. In general the paper will try to avoid, unless indispensable, the terms mafia or mafiosi.

<sup>32</sup> Ad Hoc Group on Organised Crime, Report on the situation of organised crime in EU, 1993. This definition could gradually replace the older definition adopted by the OIPC-Interpol since 1988.

<sup>33</sup> For a more thorough discussion on the definitions of transnational security risks see also Alessandro Politi, *Nouveau risques et sécurité européenne*, Cahier de Chaillot nr. 29, IES-UEO, Octobre 1997, Paris, pp. 4-11. The paper has also an English version.

notable exceptions in legal practice or in actual law enforcement priorities in some countries might create political problems and difficulties of implementation, as the Dutch case shows.<sup>34</sup>

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<sup>34</sup> According to Dutch Justice minister Winnie Sordrager, however, 50% of the hashish seized in the Netherlands arrives from France and Belgium, while 80% of the seized heroin from Germany and Balkan countries. See Associated Press, Rotterdam, 22/4/1997. On the other hand Dutch authorities are under strong pressure to curtail the massive ecstasy production that apparently had been *de facto* tolerated for some time, see Marco Evers, Laboranten der Underwelt, in *Der Spiegel*, 24/1999, 14/6/1999, pp. 212-214. According to BKA (Bundeskriminalamt - Federal Criminal Bureau) estimates 90-99% of the impounded ecstasy pills in Germany are of Dutch origin.